



## Atlantic City Municipal Utilities Authority

### PRESS RELEASE

THE ATLANTIC CITY MUNICIPAL UTILITIES AUTHORITY WILL HOLD PUBLIC HEARINGS ON THE AUTHORITY'S PROPOSED 2023 BUDGET AND PROPOSED CHANGES TO THE RULES, RATES, AND REGULATIONS ON TUESDAY, NOVEMBER 22, 2022 AND THURSDAY, DECEMBER 1, 2022, RESPECTIVELY.

Both Hearings will be held at the ATLANTIC CITY (ACMUA) MUNICIPAL UTILITIES AUTHORITY, located at 401 N. Virginia Avenue, Atlantic City, New Jersey, at 10:00 A.M. The budget is scheduled for adoption at the regularly scheduled Board Meeting on December 21, 2022.

The ACMUA will also accept written comments. Comments received before the hearings will be read into the hearing record. Written comments not read at the hearings will be presented at the Board Meeting. The Board Meeting is open to the public.

### **THERE WILL BE A 8% INCREASE IN FLAT RATE and A 2% INCREASE IN EXCESS RATE FOR WATER SERVICE IN 2023**

The 2023 Proposed Budget is fully funded, providing for the continuation of all of the Authority's major programs. Total Operating Appropriations are slated to increase by 9.8% as the Authority is experiencing overall higher expenses due to record-high inflation. Total Service Charges are expected to increase by 6.9% compared to the 2022 Budget, resulting from the annual increase rate of 8% in the flat rate and 2% in the excess rate for all customers. Fringe Benefits for Administration and Cost of Providing Services are expected to increase by 15%, mainly due to the recently approved rate hikes on state health benefits plans. Utility expense is expected to increase by 13% for Administration and Cost of Providing Services. The Authority's electric supplier contract ends at the end of Jan 2023, and a higher electric supply rate is expected in 2023. Outside Services/Professional Services for Cost of Providing Services are slated to increase by 28% due to higher anticipated costs in services such as Water W-4 and T-4 Operator licenses. The Authority is not able to fill in the T-4 or W-4 positions due to the operator's labor shortage in the industry. The Authority is anticipating a 10.5% increase in chemicals cost as a result of the chemical supply chain shortage and high inflation. Renewal & Replacement Reserve is expected to decrease by 13.1%, resulting from overall higher expenses.

The 2023 rate increase was structured to ensure that the projected revenues would be sufficient to cover the year's anticipated appropriations. The Authority proposes an approximate 8% increase in its flat rate and a 2% in excess rate for all customers. The residential flat rate will increase from \$65.50 a quarter to \$70.75 a quarter. Residential customers that will exceed the quarterly allowed allotment of 2500 cubic feet will be charged an excess rate of \$3.914 per 100 cubic feet. The Authority will generate additional revenue of approximately \$781,000 from the rate increase in 2023. The rate increase is needed to fund its future capital projects to upgrade its aging

infrastructure and, most notably, to comply with the State PFAS regulation and Water Quality Accountability Act.

The Authority's significant capital improvements, including the permanent solution to maintain undetectable levels of Per-and Polyfluroalkul Substance (PFAS), will need to be funded from grants, bonding, anticipated monetary compensation from its federal lawsuit against entities responsible for the PFAS contamination and future increased service charges. Redevelopment projects that were on hold or delayed due to the pandemic are now moving forward and should positively impact the Authority's future revenue. These projects include the second phase of the Stockton University Campus, 103,000 square-foot year-round indoor parks and Atlantic Care's New Medical Arts Pavillion, etc. Any additional revenue generated from the new developments will be utilized to fund the capital improvements. The primary source of funding the debt service for the Debt Authorizations will be from the future rate increases

### **THE CONNECTION FEE RATE WILL INCREASE**

State Law sets a formula mandating the specific calculation of Connection Fees. State Law further requires that Connection Fees be recalculated at the end of every calendar year and that all Debt Service and Capital Expenditures be included in the new calculation.

The Connection Fee rate will increase in 2023 to \$24.9408 per gallon of daily flow. Any revenue generated from the connections fee will be utilized for capital projects.

The MUA is also making changes to the Rules, Rates and Regulations. The full text of the changes is available by contacting the MUA's offices. It is also available on the MUA's website: [www.acmua.org](http://www.acmua.org).

Submitted by: Michael A. Armstrong  
Executive Director